

SENATE BILL No. 505

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-3-1; IC 6-1.1-3-11; IC 6-1.1-10-43.

Synopsis: Automobiles and the inventory tax. Requires the inventory of automobile dealers to be assessed at the dealer's established place of business. Exempts from property taxation the inventory of an out-of-state automobile dealer that is located in Indiana for sale on the wholesale automobile market.

Effective: January 1, 2004.

Miller

January 23, 2003, read first time and referred to Committee on Finance.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 505

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-3-1, AS AMENDED BY P.L.90-2002,
2 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2004]: Sec. 1. (a) Except as provided in subsection (c)
4 **and section 11 of this chapter**, personal property which is owned by
5 a person who is a resident of this state shall be assessed at the place
6 where the owner resides on the assessment date of the year for which
7 the assessment is made.

8 (b) Except as provided in subsection (c) **and section 11 of this**
9 **chapter**, personal property which is owned by a person who is not a
10 resident of this state shall be assessed at the place where the owner's
11 principal office within this state is located on the assessment date of the
12 year for which the assessment is made.

13 (c) Personal property shall be assessed at the place where it is
14 situated on the assessment date of the year for which the assessment is
15 made if the property is:

- 16 (1) regularly used or permanently located where it is situated; or
17 (2) owned by a nonresident who does not have a principal office



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within this state.

(d) If a personal property return is filed pursuant to subsection (c), the owner of the property shall provide, within forty-five (45) days after the filing deadline, a copy or other written evidence of the filing of the return to the assessor of the township in which the owner resides. If such evidence is not filed within forty-five (45) days after the filing deadline, the assessor of the township in which the owner resides shall determine if the owner filed a personal property return in the township where the property is situated. If such a return was filed, the property shall be assessed where it is situated. If such a return was not filed, the assessor of the township where the owner resides shall notify the assessor of the township where the property is situated, and the property shall be assessed where it is situated. This subsection does not apply to a taxpayer who:

(1) is required to file duplicate personal property returns under section 7(c) of this chapter and under regulations promulgated by the department of local government finance with respect to that section; or

(2) is required by the department of local government finance to file a summary of the taxpayer's business tangible personal property returns.

SECTION 2. IC 6-1.1-3-11, AS AMENDED BY P.L.90-2002, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. (a) For purposes of this section, "inventory" means:

- (1) materials held for processing or for use in production;
- (2) finished or partially finished goods of a manufacturer or processor; and
- (3) property held for sale in the ordinary course of trade or business.

(b) For purposes of this section, "dealer" has the meaning set forth in IC 9-13-2-42.

(c) For purposes of this section, "established place of business" refers to a place of business that meets the minimum standards prescribed by the bureau of motor vehicles under rules adopted under IC 4-22-2.

(d) If the inventory owned or held by a taxpayer on the assessment date of a year does not, in his the taxpayer's opinion, fairly represent the average inventory carried by him; the taxpayer, the taxpayer may elect to list his the taxpayer's inventory for assessment on the basis of the average true tax value of the inventory owned or held by the taxpayer during the preceding calendar year, or during the portion of

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the preceding calendar year that the taxpayer was engaged in business.

~~(c)~~ **(e)** If a taxpayer elects to use the average method, ~~he the taxpayer~~ shall notify the township assessor of the election at the time ~~he the taxpayer~~ files ~~his the taxpayer's~~ personal property return. The election, once made, is binding on the taxpayer for the tax year in question and for each year thereafter unless permission to change is granted by the department of local government finance.

~~(d)~~ **(f)** If a taxpayer elects to use the average method, ~~he the taxpayer~~ shall use that method for reporting the value of all ~~his the taxpayer's~~ inventories which are located in this state.

(g) Inventory owned by a dealer shall be assessed at the dealer's established place of business.

SECTION 3. IC 6-1.1-10-43 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 43. (a) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11.**

(b) As used in this section, "dealer" has the meaning set forth in IC 6-1.1-3-11.

(c) Inventory that is:

(1) owned by an out-of-state dealer; and

(2) located in Indiana for sale on the wholesale automobile market;

is exempt from property taxation.

SECTION 4. [EFFECTIVE JANUARY 1, 2004] **(a) IC 6-1.1-3-1 and IC 6-1.1-3-11, both as amended by this act, apply to taxes first due and payable after December 31, 2004.**

(b) IC 6-1.1-10-43, as added by this act, applies to taxes first due and payable after December 31, 2004.

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